

Anti-Fraud and Anti-Corruption Policy

The Centre for Labour Rights (CLR) has a **zero-tolerance** approach to fraud and corruption involving its staff members, other personnel and third parties in relation to their work with the organization. CLR's stance on fraud and corruption is to:

- Never accept
- Always prevent
- Always act
- Always inform

Introduction

"Fraudulent Acts" include both "Fraud" and "Corruption." Fraud encompasses any act or omission whereby an individual or entity knowingly misrepresents or conceals a material fact, in order to obtain an undue benefit or advantage for himself/ herself, itself or a third party, or to cause another to act to his or her detriment. Corruption encompasses any act or omission that misuses official authority or that seeks to influence the misuse of official authority, in order to obtain an undue benefit for oneself or a third party.

Fraud and Corruption exist in all societies and most individuals have the same tendencies to act corruptly under certain circumstances. Corruption occurs both on a large and small scale. CLR takes a stance against all possible irregularities that may arise.

Fraud and Corruption hinder development and contribute to the unequal allocation of resources. Women and men are disproportionately affected as they often represent a larger share of the poorest and most vulnerable people in society. It is therefore particularly important for CLR to work against fraud and corruption.

Fraud and Corruption can occur when the possibility of obtaining personal benefits arises. An active approach is required to prevent them. As fraud and corruption are hard to detect, and difficult and costly to investigate, prevention is very important. Clear guidelines, good routines and systems are important tools to detect and prevent them. It is also important to work with raising awareness and documentation.

When fraud and corruption is deemed to be a criminal offence, it must be reported to the police and may, in case of conviction, result in dismissal. Corrupt behavior, or the failure to detect it, may result in a withdrawal of funding for partner organizations. This may subsequently lead to prosecution and an obligation to repay funding received.

Definition

Fraud is defined in this policy as an act carried out either by an internal source (staff, volunteer etc) or external source (anyone else) with the deliberate intention of deceiving the organization, its donors, beneficiaries or the general public to gain a personal advantage, or cause loss to another. Corruption is defined as an abuse of trust, power or position that results in improper gain for a person, organization, political party, company or other. Corruption includes bribery, kickbacks, extortion, favoritism and nepotism, as well as conflicts of interest, embezzlement and fraud.

Scope

This framework is applicable to Fraudulent Acts throughout the CLR organization and should be applied both internally and during collaborations with other organizations.

The policy applies to all CLR employees, in all positions and for all tasks. All staff members are expected to be aware that Fraudulent Acts, whatever their extent and form, are contrary to the standards of conduct of the organization. Staff members have the duty to report cases of suspected misconduct, including suspected Fraudulent Acts either to the Executive Director or the Board.

All CLR staff members must uphold the standards of conduct that are prescribed, in particular in the **Internal Regulation** of the organization and the highest standards of efficiency, competence and integrity.

Responsibility

The Executive Director is responsible for informing the board about the CLR Anti-Fraud and Corruption Policy.

All the managers of CLR are responsible for ensuring that all employees receive information about the anti-fraud and corruption policy and how they should identify, recognize and handle fraudulent acts' risks.

All employees are required to work actively to prevent corruption by identifying, recognizing and acknowledging fraudulent acts' risks throughout the organization, as well as reporting irregularities and suspected cases of fraud and corruption.

Those individuals who enter into agreements, as an authorized signatory, with CLR are responsible for ensuring that the respective partner organization complies with this anti-fraud and corruption policy.

Never accept

CLR has zero tolerance against fraud and corruption. This means that we will never accept any fraudulent act. However, the zero-tolerance policy must not pose a threat to an individual's life or health, or that of others.

In a threatening situation, individuals' safety is always paramount. If an employee feels compelled to participate in corrupt behavior (e.g., being forced to pay for something that should be free), this should be documented and reported, so that we can analyze if and how this situation could have been prevented and thus be able to act against corruption in the future.

Never accepting means that individuals are aware of and work against the profoundly negative impact of fraudulent acts, and thereby create a more equal and fairer world. Never accepting also means knowing about which mechanisms are hidden behind fraudulent acts so as to be able to work to prevent them.

Always prevent

Management is responsible for reducing opportunities for fraud and corruption and improving detection rates. It can achieve this by:

1. identifying the risks to which operations, locations and assets are exposed
2. developing adequate controls
3. ensuring effective compliance with controls

Well designed and cost-effective controls include the following:

- thorough recruitment procedures
- physical security of assets
- clear organization of responsibilities and reporting lines
- adequate staffing levels
- supervision and checking of output
- separation of duties to ensure that key functions and controls are not performed by the same member of staff
- rotation of staff
- random spot checks by managers
- complete and secure audit trails
- performance monitoring by management
- budgetary and other financial reports
- reviews by independent bodies such as audit.

Raising awareness about fraudulent acts internally is essential to achieve results. CLR must acknowledge fraud and corruption risks when establishing and applying internal rules and routines.

Always act

When suspected irregularities or cases of corruption concerning the staff or other collaborators arise, CLR must immediately take action to minimize any damage and ensure a prompt investigation. The team and its controller will initiate the work. The management staffs of CLR (Executive Director, Program manager and Finance Manager) have the main responsibility for the investigation and decisions about appropriate actions.

In case of suspected irregularities/corruption, the action plan should be completed and all correspondence should be logged by the respective team/individual. These papers should be archived.

Anti-fraud and corruption advisors are available for support and, as necessary, another individual may be assigned to a specific case. In cases where these individuals are suspected of being involved or biased, this must be reported to the top management and, finally, the Chairperson of the Board. Suspicions of fraud or corruption can also be reported to the organization's auditor.

When suspected crimes are reported to the police, the general rule is that the police will take over the investigation.

Experience shows that in order to identify fraud or corruption a special audit focused on corruption must be included in audits. When describing such special audits, it should therefore be explicitly stated that the purpose of the audit is a corruption investigation.

Always inform

An open and transparent approach is important when working against fraud and corruption.

Anyone who suspects irregularities is not required to provide proof or have full knowledge of the case. Anyone reporting suspected irregularities must not be subjected to harassment or reprisals.

Donors, auditors and other stakeholders should also be informed early on by managers at CLR.

ALL CLR staff, members and board members should be informed to assess any possible impact on CLR's communication work.